

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|---|---|-----------------|
| CITY OF NEWPORT |) | |
| |) | |
| V. |) | |
| |) | |
| CAMPBELL COUNTY KENTUCKY WATER DISTRICT |) | |
| AND |) | |
| KENTON COUNTY WATER DISTRICT NO. 1 |) | |
| |) | |
| and |) | CASE NO. 89-014 |
| |) | |
| CHARLES ATKINS AND |) | |
| STEVEN J. FRANZEN |) | |
| |) | |
| V. |) | |
| |) | |
| CAMPBELL COUNTY KENTUCKY WATER DISTRICT |) | |

O R D E R

This matter arising upon objection of the Defendant, Campbell County Water District ("Campbell County"), and the Defendant, Kenton County Water District No. 1 ("Kenton County"), filed October 4, 1989, to the introduction by Complainant, city of Newport ("Newport"), of evidence pertaining to its water rates and to specific documents filed as proposed exhibits, and it appearing to the Commission as follows:

This action arises out of a complaint by Newport which essentially requests the Commission to negate and set aside a contract for the purchase of water by Campbell County from Kenton County. Newport alleges that the contract is unreasonable and not in the best interest of the Campbell County ratepayers because

Newport is willing and able to sell water to Campbell County at a lower price. Newport further alleges that it is currently selling water to Campbell County, who is its principal customer, and that the loss of Campbell County as a customer will have a severe impact upon Newport ratepayers and the financial condition of the city.

Campbell County and Kenton County object to any evidence being introduced which pertains to the impact that the contract between them will have upon the Newport ratepayers and the financial condition of Newport's water system. They contend that Newport as a municipality is not within the jurisdiction of the Commission and, therefore, not entitled to its protection.

The objection goes to one of the basic issues in this action and how that issue is resolved will determine the relevancy of the testimony Campbell County and Kenton County seek to exclude. Therefore, the testimony should be admitted subject to its relevancy to these proceedings.

Campbell County and Kenton County also object to the following exhibits proposed for introduction by Newport:

a. Supplemental statement to August 1988 "Financial Study, City of Newport Waterworks" prepared by Howard K. Bell Consulting Engineers, Inc.

b. Financial Study, Newport Waterworks, prepared by Howard K. Bell Consulting Engineers, Inc., August 1988.

c. Memorandum dated November 1, 1988 to Dennis N. Phelan, city manager, from David N. Bloesing, waterworks director.

d. Report by Utility and Economic Consulting, Inc. on the various rate impacts dated September 25, 1989.

These documents are intended to be introduced to show the impact that the contract will have upon Newport ratepayers and upon the financial condition of the city. These documents should also be admitted into evidence subject to their relevancy.

In addition to the above documents, Newport also proposes to introduce a letter from James Parsons to Ed Mader dated November 24, 1988 and a handwritten personal memo of November 30, 1988 from Ed Mader to James Parsons, written in response to the letter for the purpose of demonstrating Newport's willingness to supply water to Campbell County and for demonstrating Campbell County's position with respect to that offer. Campbell County objects to the letter and the response on the grounds that it is not admissible because it attempts to interfere with the contract between Campbell County and Kenton County. These documents address basic issues presented in this case and they should be admitted into evidence subject to their relevancy. This Commission being otherwise sufficiently advised,

IT IS ORDERED that:

1. The objection by Campbell County and by Kenton County to the introduction of any evidence relating to the impact that the contract between Campbell County and Kenton County will have upon the rates charged by the city of Newport to its retail customers and upon the city's financial condition is overruled and such evidence will be admitted, subject to its relevancy.

Done at Frankfort, Kentucky, this 11th day of October, 1989.

Chairman *E. L. D. D. D.*

Chairman

Chairman
Robert M. Slavin

Vice Chairman


Commissioner

Commissioner

Executive Director